

## Message Text

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ACTION SS-25

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 1157

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 7462

EXDIS

E.O.11652: GDS

TAGS: PFOR, ETRD, BR

SUBJECT: COMMENTS ON LETTER TO SECRETARY FROM BRAZILIAN FOREIGN  
MINISTER

REF: STATE 201480, TOSEC 100086

1. SILVEIRA'S LETTER TO THE SECRETARY SEEMS TO US  
OF MORE THAN USUAL INTEREST AND SIGNIFICANCE. IN  
OUR VIEW, IT MERITS PARTICULARLY CAREFUL CONSIDERATION,  
COMMENT, AND, WHERE INDICATED, REBUTTAL. SINCE  
SILVEIRA'S ADVISERS ARE NOW PREPARING THE MINISTER'S  
SPEECH FOR THE SEVENTH SPECIAL SESSION, AND EARLY  
REPLY BY THE SECRETARY MIGHT INFLUENCE, IF NOT THE  
SUBSTANCE, AT LEAST THE TONE, OF SILVEIRA'S PRESENTATION.

2. THE LETTER'S SIGNIFICANCE, IT SEEMS TO US, DERIVES  
FROM THREE ASPECTS:

(A) IT PROVIDES A COMMENTARY, FROM THE BRAZILIAN  
PERSPECTIVE, ON TWO OF THE KEY CONCEPTS OF CURRENT US  
POLICY -- DETENTE AND INTERDEPENDENCE.

(B) IT TRIES AN APPROACH ON A POTENTIALLY DIVISIVE  
BILATERAL ISSUE WHICH WE FIND DISINGENUOUS AND, INDEED,  
OBJECTIONABLE.

(C) IN ITS THOUGHTFUL ADDRESS TO BROAD ISSUES,  
IT CONSTITUTES CONSIDERABLE PROGRESS TOWARDS A FULLER  
AND RICHER DIALOGUE BETWEEN THE SECRETARY AND SILVEIRA  
(AND THROUGH SILVEIRA, PRESIDENT GEISEL) AND BETWEEN THE  
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TWO GOVERNMENTS GENERALLY, A DEVELOPMENT WHICH WE

BELIEVE THE SECRETARY'S RESPONSE SHOULD SEEK TO NURTURE AND ENCOURAGE.

3. CONCEPTUAL ISSUES (PARA 4). THE LETTER IS REVEALING IN THAT IT SHOWS SO CLEARLY THE INTELLECTUAL LENSES THROUGH WHICH SILVEIRA AND HIS ADVISERS VIEW THE CURRENT STATE OF INTERNATIONAL RELATIONS. DETENTE -- AND INTERDEPENDENCE -- ARE VIEWED WITH SUSPICION AS AN ATTEMPT TO PRESERVE AND CONSOLIDATE THE INTERNATIONAL STATUS-QUO OF SUPERPOWER CONDOMINIUM, WITH ITS ATTENDANT SPECIAL STATUS AND PRIVILEGES FOR THE US AND USSR AND CORRESPONDING FRUSTRATION OF THE ASPIRATIONS OF THE EMERGING NATIONS. ONE FRUIT OF DETENTE, IN THE BRAZILIAN VIEW, IS THE HARDENING OF US ATTITUDES, AS REFLECTED IN THE NEW US CANDOR IN UN FORA AND THE POSITIONS DEFINED IN THE HOUSTON AND MILWAUKEE SPEECHES TOWARD THE ASPIRATION OF THE LDCS. TO SILVEIRA (AND TO ARAUJO CASTRO, WHOSE INTELLECTUAL IMPACT SHOULD NOT BE UNDERESTIMATED), THE STANCE ADOPTED PARTICULARLY IN THE MILWAUKEE SPEECH IS THE CONSEQUENCE OF INSTINCTIVE AND IRRITABLE DEFENSIVENESS THAT BETRAYS AN UNREADINESS TO TAKE MORE THAN PALLIATIVE MEASURES TO MEET -- OR EVADE -- THE DEMAND OF THE "SOUTHERN HEMISPHERE", FOR THE CORRECTION OF UNJUST ECONOMIC STRUCTURES. THAT THIS POSTURE WILL EVENTUALLY PROVE UNTENABLE, IN SILVEIRA'S OPINION, IS SUGGESTED BY HIS "EPILOGUE" REFERENCE.

4. SILVEIRA'S APPEAL FOR INCREASED UNDERSTANDING AND COOPERATION WITH THE LDC'S -- REITERATING SIMILAR STATEMENTS IN EARLIER CORRESPONDENCE -- HAS ITS PARALLEL IN SILVEIRA'S CALL FOR "HORIZONTAL," AS AGAINST "VERTICAL" INTERDEPENDENCE IN HIS PUBLIC SPEECHES AND STATEMENTS (E.G. BRASILIA'S 1747 AND 3472), WITH VERTICAL INTERDEPENDENCE BEING SYNONYMOUS WITH THE MAINTENANCE OF THE PRESENT UNJUST RELATIONSHIP OF DEPENDENCE. IT IS STILL TIMELY TO RESPOND AND SEEK TO CORRECT SILVEIRA'S MISIMPRESSIONS OF THE CSCE. HIS IDEAS ON DETENTE AND INTERDEPENDENCE, WITH

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THEIR OVER-SIMPLIFICATION OF THE COMPLEXITIES OF CONTEMPORARY POWER RELATIONSHIPS, ARE SO CENTRAL TO SILVEIRA'S PHILOSOPHICAL TERMS OF REFERENCE AND THAT OF HIS ADVISORS THAT WE THINK THE SECRETARY SHOULD JOIN THIS BASIC ISSUE. THE SECRETARY MAY ALSO ONCE AGAIN WISH TO REITERATE THAT HIS APPROACH TOWARD BRAZIL IS GUIDED BY A LONG VIEW OF BRAZIL'S INCREASED AND GROWING IMPORTANCE, AND THAT THE FREQUENCY AND

CLOSENESS OF HIS OWN CONSULTATIONS WITH SILVEIRA, AS WELL AS THE CONSULTATIVE MECHANISMS ALREADY AGREED, REFLECT HIS CLEAR RECOGNITION OF BRAZIL'S ROLE AS A MAJOR, AND INCREASINGLY IMPORTANT, ACTOR ON THE WORLD SCENE.

4. TRADE RELATIONS. WE FIND SILVEIRA'S EXPECTED "INJURED INNOCENCE" COMMENTS (SEE BRASILIA 6684) ON THE RETALIATION DECREE DISINGENUOUS. FROM THE EMBASSY'S CONFIDENTIAL EXCHANGES WITH THE FINANCE

MINISTRY -- WHICH, UNFORTUNATELY, CANNOT BE DISMISSED -- IT IS CLEAR THAT THE GOB'S CONCERN OVER TRADE PROBLEMS WITH THE US, WHICH HAVE BEEN GROWING SINCE PASSAGE OF THE TRADE ACT AND WITH THE PROGRESSIVE DETERIORATION OF BRAZIL'S EXTERNAL ACCOUNTS, FIGURED VERY PROMINENTLY IN THE DRAFTING OF THE DECREE AND THE SUBSEQUENT EFFORTS, WITHIN THE GOB, TO BLOCK ITS SILVEIRA-SPONSORED ENACTMENT. ON THE FACTUAL SIDE, SOME OF SILVEIRA'S STATEMENTS ARE CLEARLY INCORRECT -- ALTHOUGH WE ARE NOT SURE TO WHAT EXTENT SILVEIRA HIMSELF (WHOSE FORTE IS NOT ECONOMICS) IS AWARE OF THIS. A CORRECTION AND REBUTTAL SEEMS TO US CLEARLY REQUIRED.

6. EMBASSY BELIEVES THAT THE FOLLOWING POINTS SHOULD BE INCORPORATED IN THE REPLY TO SILVEIRA CONCERNING THE DECREE:

(A) THE AMBASSADOR'S PRESENTATION WAS A CAREFULLY CONSIDERED US RESPONSE, MADE UNDER INSTRUCTION FROM THE DEPARTMENT. THE PRESENTATION WAS MADE IN A SPIRIT OF COOPERATION, IN AN EFFORT TO CLARIFY US ATTITUDES AND IDENTIFY, FOR MUTUAL CONSIDERATION, A POTENTIAL AREA OF DIFFICULTY IN THE RELATIONSHIP BETWEEN THE

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TWO COUNTRIES.

(B) AS BRAZIL'S LARGEST TRADING PARTNER, THE US CANNOT BE INDIFFERENT TO FAR-REACHING MEASURES SUCH AS THE DECREE. US PRESENTATION RECOGNIZED THAT APPLICATION OF DECREE WAS PROSPECTIVE AND THAT US WAS NOT SPECIFICALLY SINGLED OUT AND IDENTIFIED AS A TARGET. SINCE, HOWEVER, THERE ARE IMPORTANT TRADE ISSUES BETWEEN THE TWO COUNTRIES -- WHICH IS INEVITABLE GIVEN THE MAGNITUDE AND DYNAMISM OF US-BRAZILIAN TRADE -- IT SEEMED CLEAR THAT UNDER THE DECREE'S PROVISIONS, THE US WAS A POTENTIAL TARGET, ALONG WITH OTHER COUNTRIES.

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ACTION SS-25

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 1158

C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 7462

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(C) THE US CONSULTED BRAZILIAN AUTHORITIES EXTENSIVELY PRIOR TO THE PASSAGE OF THE TADE ACT OF 1974. FOR EXAMPLE, AMBASSADOR EBERLE'S VISIT TO BRASILIA LAST YEAR AND AMBASSADOR MALMGREN'S VISIT IN 1973 WERE PART OF OUR CONSULTATIVE PROCESS WITH BRAZIL. DURING AMBAYSADOR EBERLE'S DISCUSSIONS IN BRASILIA, A NUMBER OF ISSUES COVERED BY THE TADE ACT WERE DISCUSSED IN DEPTH WITH THE APPROPRIATE BRAZILIAN OFFICIALS, PARTICULARLY THOSE DEALING WITH THE APPLICATION OF THE GENERALIZED SYSTEM OF PREFERENCES. IN ADDITION, THE EMBASSY DEPT THE ECONOMIC DEPARTMENT OF THE FOREIGN MINISTRY INFORMED OF DEVELOPMENS IN CONGRESS' COSIDERATION OF THE BILL AS THEY OCCURRED.

(D) WITH RESPECT TO UNDER SECRETARY ROBINSON'S POSITION AND THE SCOPE OF THE BILATERAL CONSULTATIVE MECHANISM, THERE MAY HAVE BEEN A MISUNDERSTANDING. AS INDICATED IN THE EMBASSY'S AIDE-MEMOIRE OF JULY 28, SETTING FORTH THE PROPOSED TEMS OF REFERENCE FOR THE CONSULTATIVE MECHANISM, THE US IS PREPARED TO CONSULT OR SEEK TO IDENTIFY SOLUTIONS TO SPECIFIC ECONOMIC PROBLEMS THROUGH THAT CHANNEL. THAT COUNTERVAILING DUTIES ARE INCLUDED IS CLEAR FROM THE PROPOSED AGENDA FOR THE FIRST MEETING OF THE SUB-GROUP ON TRADE WHICH, AS THE SECOND ITEM, LISTS "BILATERAL ISSUES, INCLUDING EXPORT SUBSIDIES AND COUNTERVAILING DUTIES." THE SOLE QUALIFICATION WHICH THE US HAS INTRODUCED IS THAT EXISTING TECHNICAL CHANNELS -- E.G., THE US TREASURY AND THE BRAZILIAN MINISTRY OF FINANCE -- WHOULD  
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BE PRESERVED FOR THE EXAMINATION -- AND NEGOTIATION --  
OF SPECIFIC TECHNICAL AND COMMERCIAL PROBLEMS.

7. OTHER COMMENTS:

(C) CUBA (PARA 3). WE BELIEVE SILVEIRA'S  
COMMENTS REFLECT HIS AWARENESS THAT THE BRAZILIAN  
MILITARY HAS NEITHER FORGOTTEN NOR FORGIVEN CUBAN  
SUPPORT FOR SUBVERSION IN BRAZIL, AND ALSO HIS SENSITIVITY  
TO -- AND DESIRE TO LIMIT -- SUPERPOWER INFLUENCE AND  
RESPONSIBILITY FOR EVENTS AROUND THE GLOBE. ALTHOUGH  
HE AND HIS ADVISERS ARE FULLY AWARE OF THE HEMISPHERIC  
CONTEXT WITHIN WHICH THE US DECISION WAS TAKEN AND OF  
THE EXTENT TO WHICH IT WAS RESPONSIVE TO GENERAL LATIN  
AMERICAN DESIRES, THE TENDENCY OR TEMPTATION TO READ  
TOO MUCH INTO US ACTION -- IN THIS CASE, A DIRECT  
RELATIONSHIP TO THE DETENTE PROCESS AND PERHAPS EVEN  
AN EXPLICIT LINKAGE (OR QUID-PRO-QUO) TO OTHER US-SOVIET  
ACTIONS AND COUNTER-ACTIONS -- IS CHARACTERISTIC OF  
SILVEIRA AND HIS ADVISERS. AN EXPOSITION OF THE US  
VIEW ON HOW THE CUBA PROBLEM RELATES TO THE DETENTE  
PROCESS AND REITERATION OF OUR CONCERNS ABOUT NON-INTER-  
VENTION (E.G. DEPT. SPOKESMAN AT AUGUST 22 BRIEFING)  
WOULD BE HELPFUL.

(B) NORTH-SOUTH RELATIONS (PARA 5). THESE  
COMMENTS ARE REASONABLY STANDARD. IN HIS LATEST SPEECH,  
AUGUST 23, SILVEIRA REFERS TO THE DC'S AS PATERNALISTIC  
AND PROTECTIONIST. ON AT LEAST TWO PREVIOUS  
OCCASIONS, IN HIS CORRESPONDENCE WITH THE SECRETARY,  
SILVEIRA HAS CITED THE UNRESPONSIVENESS OF THE DC'S  
AS A PRINCIPAL CONTRIBUTING FACTOR IN THE DEMAGOGIC,  
EMOTIONAL BEHAVIOR OF SOME LDCS, WHICH, HE CONSISTENTLY  
STRESSES, DOES NOT INCLUDE BRAZIL. IN HIS MEETING  
WITH UNDER SECRETARY ROBINSON, HE LAID GREAT STRESS  
ON THE DEEP RESENTMENT AND RESULTING IRRATIONALITY  
IN LDCS, AND HIS BELIEF THAT THE US APPROACH -- ASIDE  
FROM THE QUESTION OF WHETHER IT IS TACTICAL OR SUBSTANTIVE --  
FAILS ADEQUATELY TO TAKE THESE RESENTMENTS  
INTO ACCOUNT (BRASILIA 5762). WE BELIEVE IT WOULD  
BE USEFUL IF THE SECRETARY'S REPLY EXPLICITLY ADDRESSES  
THE VERY GREAT IMPORTANCE WE ATTACH TO THE 7TH SPECIAL  
SESSION IN SETTING THE TONE FOR THE RESUMPTION OF THE  
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CONSUMER-PRODUCER DIALOGUE, OUR FIRM DETERMINATION  
(NOTWITHSTANDING THE GREAT TECHNICAL AND POLITICAL  
DIFFICULTIES) TO MOVE FORWARD IN FINDING POSITIVE  
SOLUTIONS, AND OUR HOPE THAT BRAZIL WILL CONTINUE TO  
BE A CONSTRUCTIVE PARTICIPANT AND VOICE OF MODERATION  
IN THE FORTHCOMING MEETINGS. WE BELIEVE THAT SILVEIRA'S  
PROSPECTIVE SPEECH MAY WELL BE SHRILLER AND MORE

FORCEFUL, THAN WE HV BEEN ACCUSTOMED TO BY BRAZIL'S PERFORMANCE IN THESE FORA IN THE PAST (SEE BRASILIA 6311). THE SECRETARY MAY ALSO WISH TO RECIPROCATATE SILVEIRA'S INTENTION TO PROVIDE AN ADVANCE COPY OF HIS SPEECH.

(C) CLARIFICATION ON RESUMPTION OF NEW DIALOGUE. SILVEIRA'S CARE IN CLARIFYING HIS REMARKS ABOUT THE NEW DIALOGUE STEMS FROM CONCERN OVER WHAT HE TOOK TO BE MISINTERPRETATIONS OF HIS SPEECH AS A UNILATERAL BRAZILIAN CALL FOR THE FORMAL RESUMPTION OF DIALOGUE. SILVEIRA'S POLICY IS TO AVOID BROAD INTITIATIVES IN THE HEMISPHERE OR GETTING AHEAD OF THE CONSENSUS. WE AGREE WITH HIS COMMENT, ALTHOUGH WE DETECT IN THE TONEOF THE BRIEF PARAGRAPH SOME BACK-PEDALLING, PARTICULARLY IN THE REFERENCE TO THE EXISTING CLIMATE. WHILE THE SAO PAULO SPEECH REITERATED PREVIOUS CALLS ON THE US TO ACCEPT SPECIAL RESPONSIBILITIES FOR LATIN AMERICAN ASPIRATIONS, HIS REFERENCES TO THE DESIRABILITY OF A RETURN TO THE DIALOGUE AND THE TOTALITY OF ITS ORIGINAL INTENTIONS, WHILE NOT CONSTITUTING A FORMAL CALL FOR RESUMPTION, WERE AMONG THE POSITIVE ASPECTS OF THE SPEECH (BRASILIA'S 7209).

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